

Budget gimmicks – why health reform will cost more than Democrats claim

Delayed benefits, immediate taxes

- The bill raises \$60 billion in taxes before any of the major benefits go into effect.ⁱ
- 98 percent of the major benefits don't start until 2014.ⁱⁱ

No doc fix

- A ten-year doc fix, if not offset, will cost \$371 billion according to the Administration, dwarfing the savings claimed by Democrats from this bill.ⁱⁱⁱ

Raids Social Security

- Relies on \$53 billion in new Social Security revenue to achieve the appearance of deficit cuts – these revenues are meant to pay Social Security benefits, not fund a new entitlement.^{iv}

Savings are tiny compared to current deficits

- Democrats claim the bill will save \$119 billion over ten years, an amount dwarfed by the \$655 billion deficit so far this fiscal year or their \$862 billion fiscal stimulus bill.^v

Double counts Medicare savings and revenues

- Democrats claim the \$520 billion in Medicare cuts and \$210 billion in new Medicare taxes in the bill will improve the solvency of the Medicare HI trust fund, but they use those same cuts and taxes to pay for the enormous new entitlement in this bill.
- This is double counting – either Medicare savings improve solvency or they pay for this bill, they can't possibly do both.
- CBO has written that HI trust fund savings under this bill “would not enhance the ability of the government to pay for future Medicare benefits.”^{vi}

Relies on “unrealistic” budget cuts

- The CBO score assumes that more than \$500 billion in Medicare cuts will be implemented even though the HHS Actuary said that the level of cuts was “unrealistic” and could “jeopardize access to care” for seniors.^{vii}
- The score also assumes that Congress won't intervene to block the cuts proposed by the Independent Medicare Advisory Board, but a similar provision to implement Medicare cuts under fast track procedures when general revenues were projected to cover more than 45 percent of overall Medicare costs has never once been used.

Estimates past 2019 cannot be relied on

- CBO only provides detailed estimates within the budget window which ends in 2019 – outside the budget window CBO says any calculation made “reflects the even greater degree of uncertainty” regarding those years.^{viii}
- The spending and taxes in this bill are back-loaded to take effect in 2020 and beyond, meaning this bill's effect on the size and scope of government is not clear from the CBO score.

Waits until 2020 to fully close the donut hole so it doesn't score

- The bill closes the Medicare Part D donut hole in 2020, a year not included in the score.

ⁱ JCT Estimated Revenue Effects of the Reconciliation Act of 2010, JCX-16-10, March 18, 2010

ⁱⁱ CBO letter to the Honorable Nancy Pelosi on the Reconciliation Act of 2010, March 18, 2010

ⁱⁱⁱ Budget of the U.S. Government, Fiscal Year 2011, Table S-7, at:

<http://www.whitehouse.gov/omb/budget/fy2011/assets/tables.pdf>

^{iv} See FN 2, Table 1

^v CBO Monthly Budget Review, March 4, 2010, at: <http://cbo.gov/ftpdocs/112xx/doc11263/FebruaryMBR.pdf>

^{vi} CBO letter to the Honorable Jeff Sessions, January 22, 2010, at: http://www.cbo.gov/ftpdocs/110xx/doc11005/01-22-HI_Fund.pdf

^{vii} Letter from Richard S. Foster, CMS Chief Actuary on the Estimated Financial Effects of the Patient Protection and Affordable Care Act of 2009,” December 10, 2009, at:

http://www.cms.hhs.gov/ActuarialStudies/Downloads/S_PPACA_2009-12-10.pdf

^{viii} See FN2.